



BC Notice 2018/03

Notice and Request for Comment

Consultation on Disclosure Requirements in National Instrument 58-101 *Disclosure of Corporate Governance Practices* relating to Women on Boards and in Executive Officer Positions

Introduction and Background

The British Columbia Securities Commission (**BCSC** or **we**) is consulting on disclosure requirements regarding the representation of women on boards and in executive officer positions in National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**the Disclosure Requirements**) adopted in all CSA jurisdictions (**Participating Jurisdictions**) except for BC and Prince Edward Island.

The Disclosure Requirements require non-venture issuers, including all issuers listed on the Toronto Stock Exchange (**TSX**), to provide disclosure regarding the following matters on an annual basis:

- director term limits and other mechanisms of renewal of the board of directors (**the board**)
- policies regarding the representation of women on the board
- the board's or nominating committee's consideration of the representation of women in the director identification and selection process
- the issuer's consideration of the representation of women in executive officer positions when making executive officer appointments
- whether or not the issuer has adopted a target regarding the representation of women on the board and in executive officer positions
- the number of women on the board and in executive officer positions

The Disclosure Requirements follow a comply-or-explain model and are intended to increase transparency for investors and other stakeholders regarding the representation of women on boards and in senior management of non-venture issuers.

Most of the Participating Jurisdictions adopted the Disclosure Requirements on December 31, 2014; Alberta adopted the Disclosure Requirements on December 31, 2016.

The Participating Jurisdictions have reviewed compliance with the Disclosure Requirements on an annual basis. The most recent review, CSA Multilateral Staff Notice 58-309 - *Staff Review of Women on Boards and in Executive Officer Positions - Compliance with NI 58-101 Disclosure of Corporate Governance Practices*, was published on October 5, 2017.

Consultation on Disclosure Requirements

The Participating Jurisdictions are now considering:

- whether or not changes to the Disclosure Requirements are warranted, and if so, the nature of those changes
- whether supplementing the existing “comply or explain” disclosure model with governance guidelines that would be included in National Policy 58-201 *Corporate Governance Guidelines* (NP 58-201) is warranted

We think it is important for issuers and other stakeholders in BC to have a voice in the current consultation to inform the future regulatory direction and actions that the Participating Jurisdictions may take. BC has not adopted the Disclosure Requirements, but BC-based TSX-listed and other non-venture issuers must comply with the Disclosure Requirements because they report in at least one Participating Jurisdiction. This consultation will assist the BCSC in understanding the views of BC market participants and the benefits and challenges of diversity-related requirements.

Each Participating Jurisdiction will be consulting locally and determining the format, audience and specific questions for its consultations at its discretion.

Request for Comments

We invite comments on the Disclosure Requirements generally, and on whether Canadian securities regulators should consider any further regulatory measures or actions in this area. We also have the following specific questions:

1. Please discuss any experiences and challenges over the past three years with providing the information mandated by the Disclosure Requirements.
2. What are the benefits of the Disclosure Requirements?
3. With respect to how investors use the information provided under the Disclosure Requirements:
 - (a) Are the Disclosure Requirements providing investors with the information necessary to inform their investment and voting decisions? Are there any requirements that are not useful for such decision-making?
 - (b) How is information relating to gender diversity in the Disclosure Requirements incorporated into investors’ investment and voting decisions? Do investors have formalized voting guidelines related to gender diversity?
4. With respect to corporate governance guidelines:
 - (a) Should Canadian securities regulators develop and implement corporate governance guidelines (similar to the guidelines in NP 58-201) regarding gender diversity-related governance practices, such as board policies regarding the representation of women, board renewal mechanisms and targets?
 - (b) There are currently guidelines regarding the nomination of directors in NP 58-201. Are the existing guidelines in NP 58-201 on the director nomination process sufficient, or would providing more specific guidelines be appropriate?

5. Should issuers be required to disclose whether they have policies related to diversity other than gender? If so, should Canadian securities regulators develop and implement a corresponding corporate governance guideline regarding policies related to diversity other than gender?
6. The Participating Jurisdictions may consider requiring issuers to present information in a standardized format for consistency and to permit staff to gather data in a more efficient manner. What are the benefits and challenges with providing the information required by the Disclosure Requirements in a prescribed format, such as a structured table or in an electronic format? Are there alternative ways to achieve consistency?

Please submit your comments in writing on or before April 10, 2018; email submissions are preferred. Please include a prominent reference to the subject matter of your comments in your subject line. Address your submission to the BCSC as follows:

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Please note that your comments, either in whole, part or summary form, will be shared with the Participating Jurisdictions. In addition, while we do not plan to publish any comment letters on our website, we cannot keep comments confidential. You should not include personal information directly in comments. It is important that you state on whose behalf you are making the submission.

Questions

Please refer your questions to:

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February 23, 2018

Brenda M. Leong
Chair